



XINGDA

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XINGDA INTERNATIONAL HOLDINGS LIMITED

興達國際控股有限公司

(HKEx stock code: 1899)



2017 Interim Results Corporate Presentation

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Agenda

- ❖ **Financial Review**
- ❖ **Business Overview**
- ❖ **Outlook & Strategies**



Financial Highlights

<i>RMB' million</i>	For the six months ended		
	30 June		YOY Change
	<u>2016</u> (unaudited)	<u>2017</u> (unaudited)	
Revenue	2,420	3,216	32.9%
Gross Profit	486	717	47.7%
Gross Profit Margin	20.1%	22.3%	2.2pts
EBITDA (adjusted)*	414	641	54.7%
EBITDA Margin (adjusted)*	17.1%	19.9%	2.8pts
Profit Attributable to Owners of the Company	75	213	184.2%
EPS (<i>RMB fen</i>)	5.04	14.50	187.7%
Profit Attributable to Owners of the Company (adjusted)*	86	217	153.5%
EPS (<i>RMB fen</i>) (adjusted)*	5.76	14.77	156.4%

*Note: Non-recurring items including deferred tax charge related to the provision of withholding tax and exchange difference arising from non-operating activities were excluded from calculation of these figures.



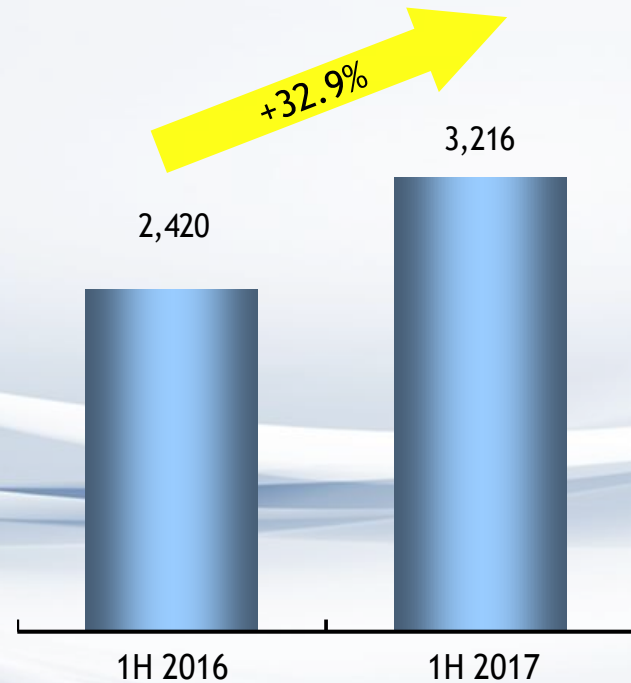
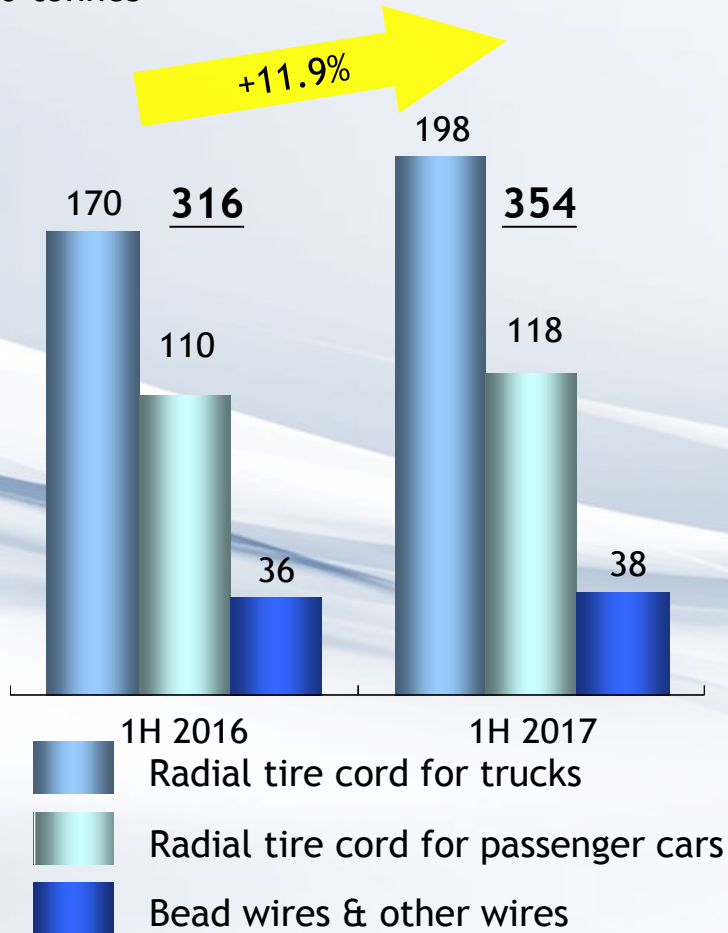
Financial Highlights

Sales Volume by Product

Revenue

'000 tonnes

RMB' million

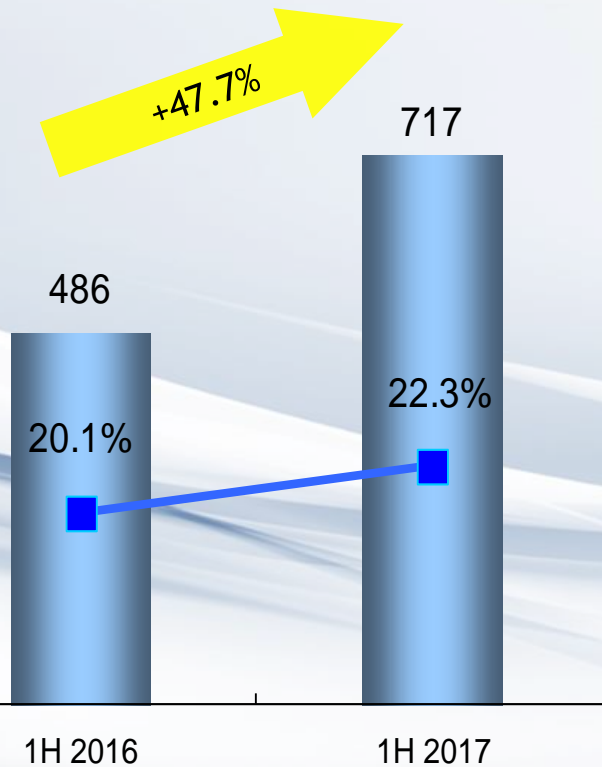




Financial Highlights

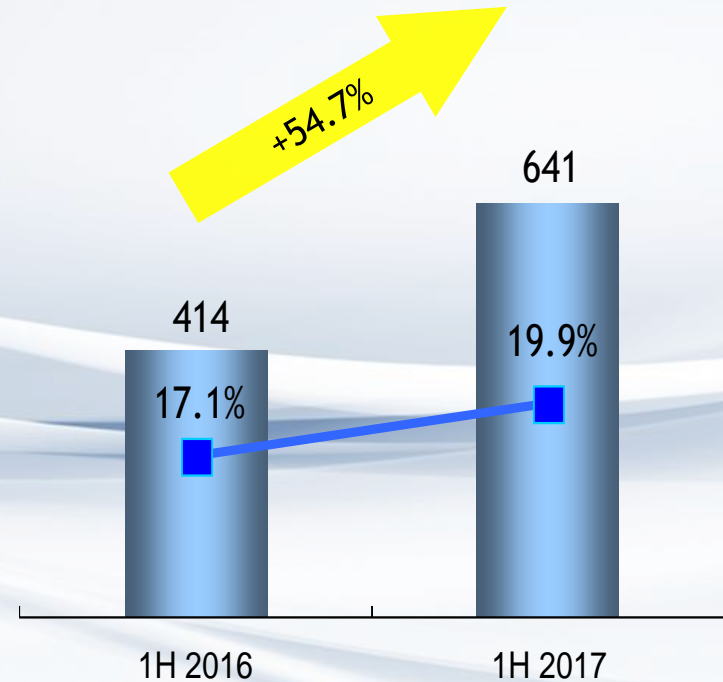
Gross Profit & Margin

RMB' million



EBITDA & Margin (Adjusted)*

RMB' million



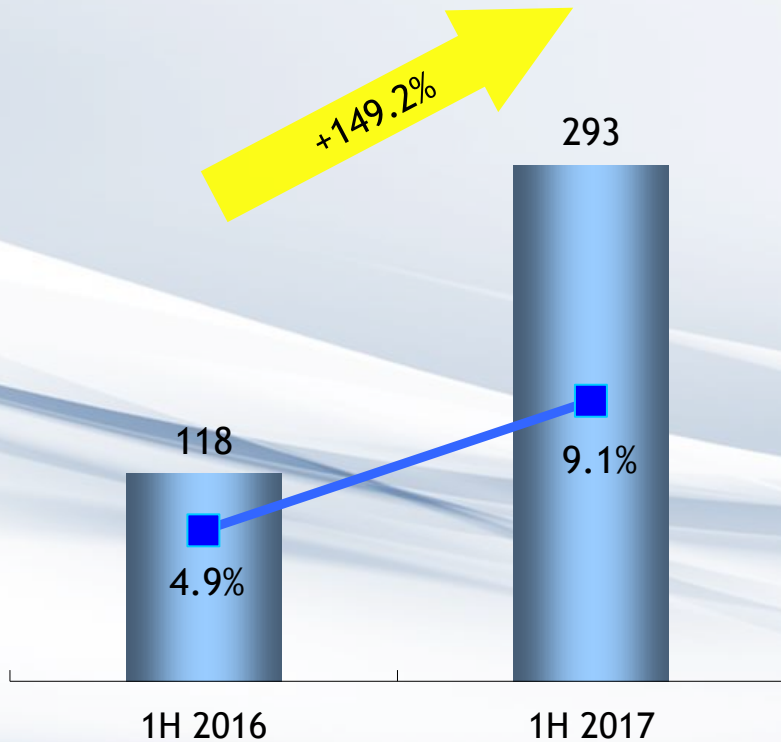
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Financial Highlights

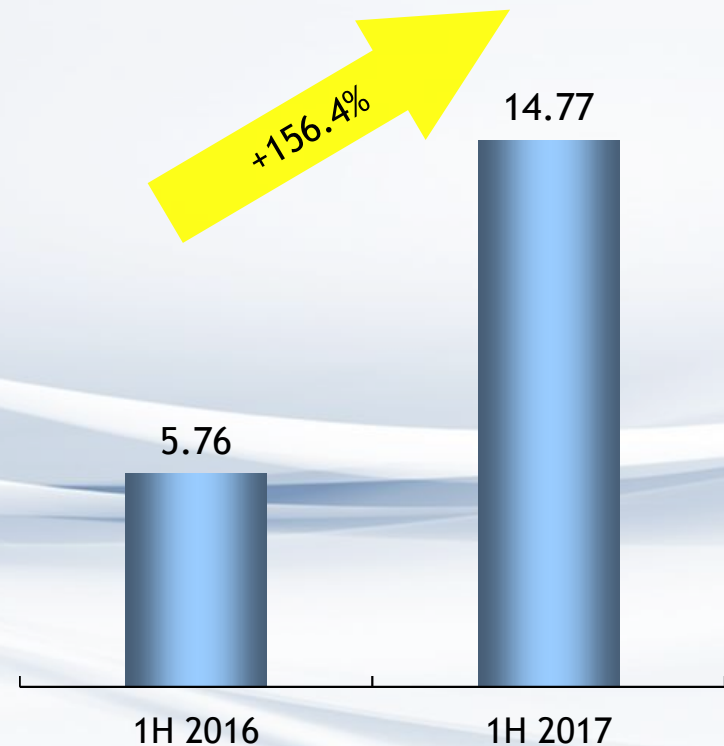
Net Profit & Margin (Adjusted)*

RMB' million



EPS (Adjusted)*

RMB fen

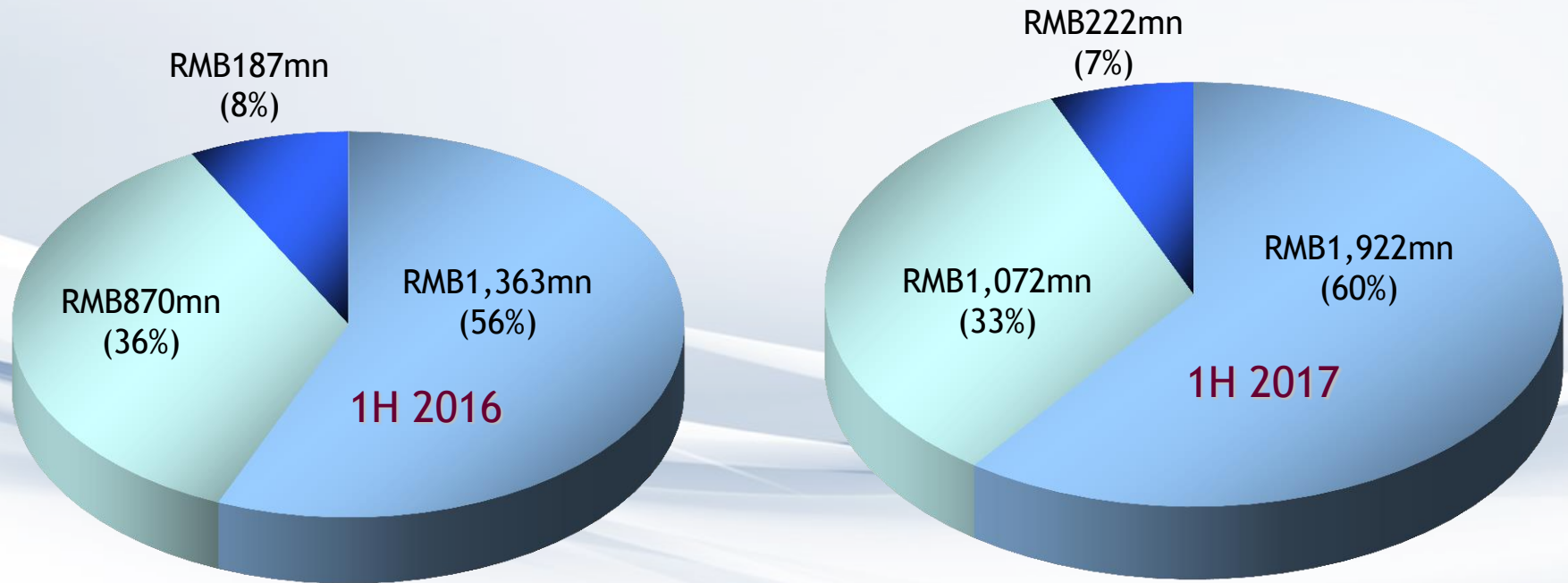


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Financial Highlights

Revenue by Product



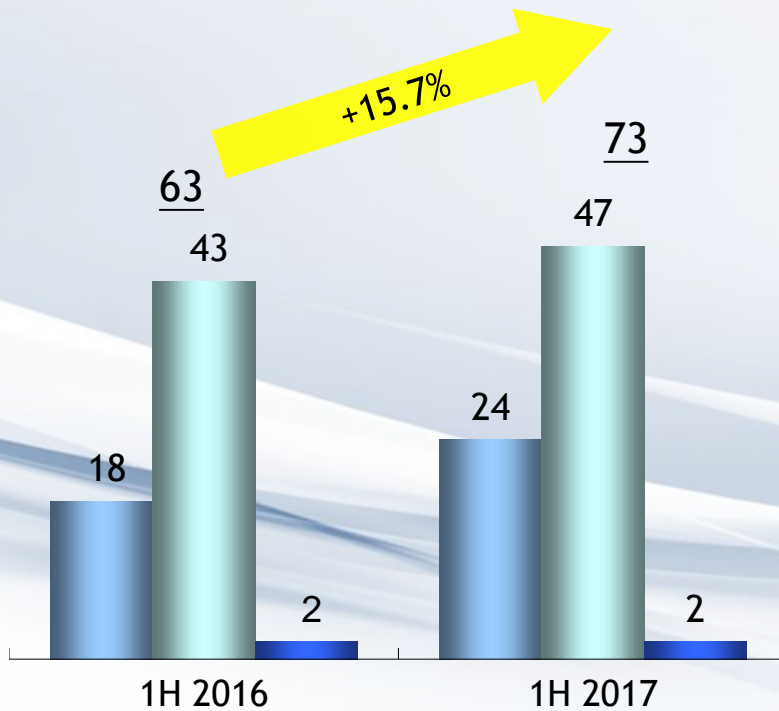
Radial tire cord for trucks Radial tire cord for passenger cars Bead wires & other wires



Financial Highlights

Export Sales Volume

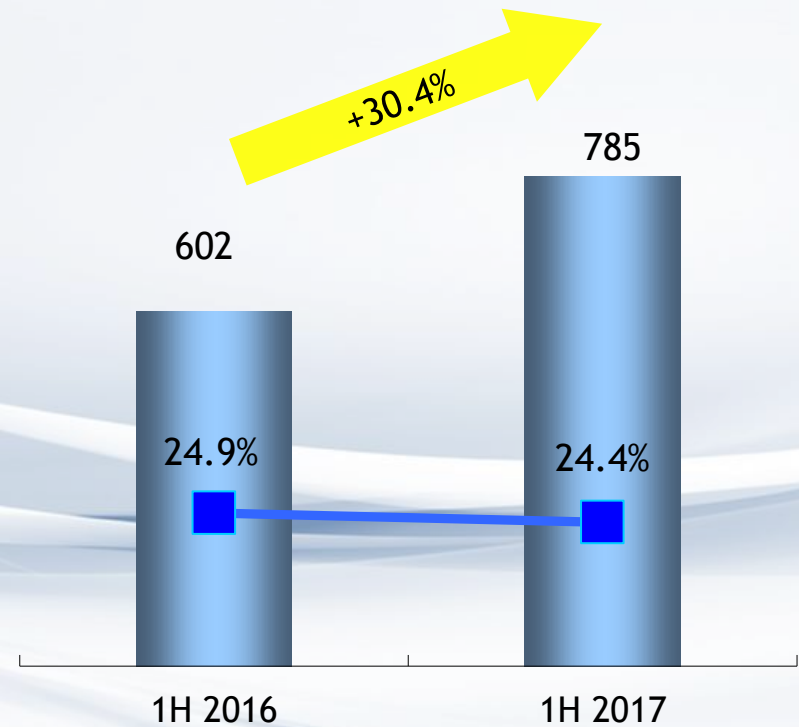
'000 tonnes



- Radial tire cord for trucks
- Radial tire cord for passenger cars
- Bead wire

Export Sales

RMB' million

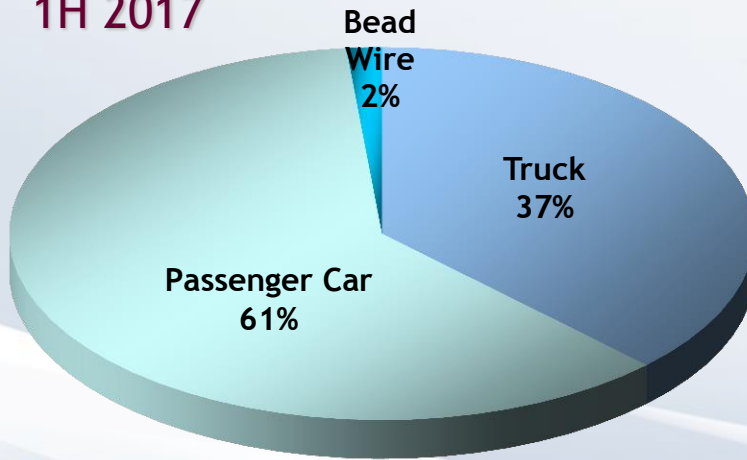




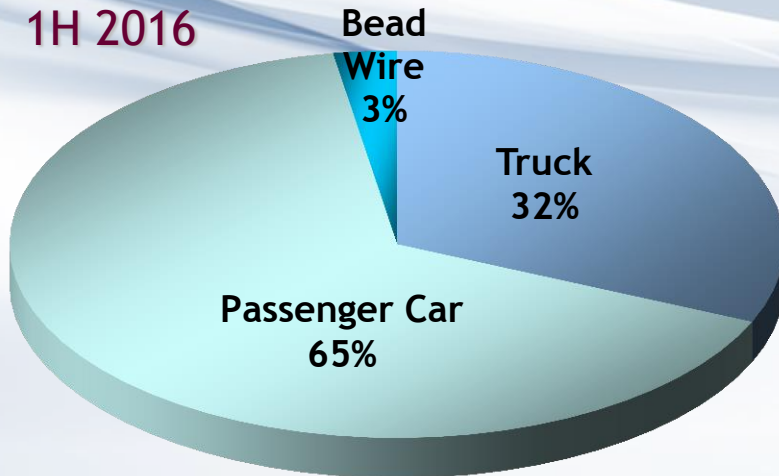
Financial Highlights

Export Sales by Product

1H 2017

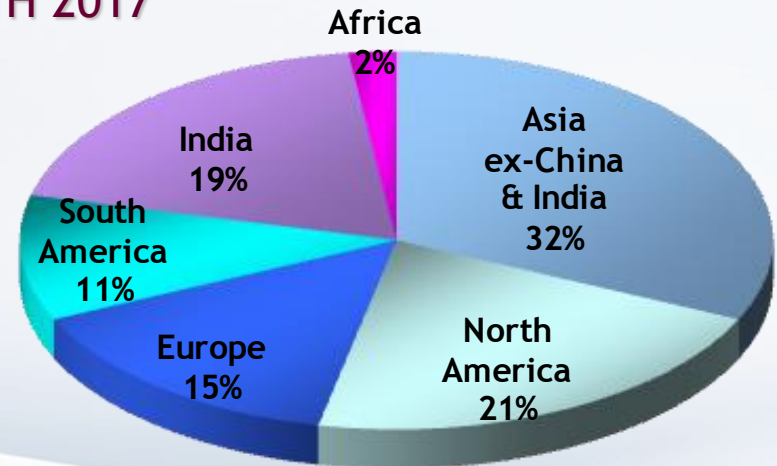


1H 2016

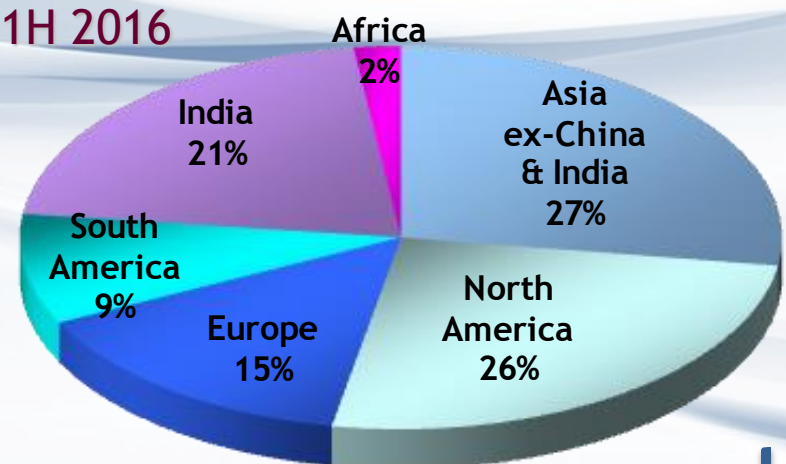


Export Sales by Location

1H 2017



1H 2016





Cash Flow (Extract)

<i>RMB' million</i>	For the six months ended 30 June	
	2016 (Unaudited)	2017 (Unaudited)
Net Operating Cash Inflow	844	256
Cash used in CAPEX	(145)	(125)
Net Addition of Bank Borrowings	14	37
Payment of Dividend	(125)	-
Repurchase of Shares	(4)	-
Cash and Cash Equivalents at Period End	1,140	651



Key Ratios

	As at 31 Dec 2016 (audited)	As at 30 Jun 2017 (unaudited)
Current Ratio (times)	1.6	1.5
Debtors' Turnover Days	130	123
Stock Turnover Days	48	54
Creditors' Turnover Days	130	146
Return on Capital Employed*	4.9%	7.1%
Return on Equity*	5.5%	8.3%
Gearing Ratio	8.5%	8.2%
Net Debts to Equity Ratio	8.5%	5.9%

*Note: Non-recurring items deferred tax charge related to the provision of withholding tax and exchange difference arising from non-operating activities were excluded from calculation of these figures.



Capacity & Utilisation

❖ Production capacity

- ❖ Radial tire cords capacity - 720K mtpa (Increased 50K mtpa in 1H 2017)

❖ Jiangsu Factory

- ❖ Radial tire cord capacity increased 45K mtpa to 625K mtpa in 1H 2017

❖ Shandong Factory

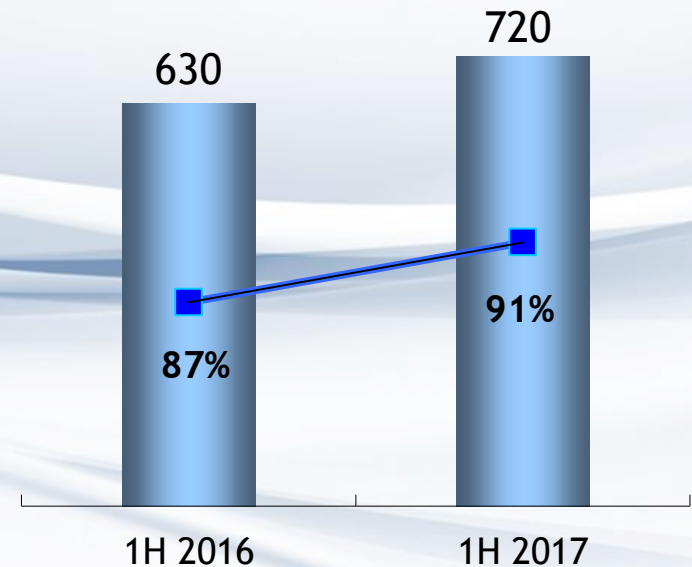
- ❖ Radial tire cord capacity increased 5K mtpa to 95K mtpa in 1H 2017

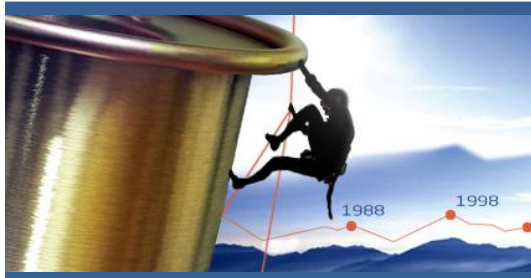
❖ Utilisation rate

- ❖ Radial tire cord utilisation increased to 91% in 1H 2017

**Radial Tire Cords
Capacity & Utilisation Rate**

'000 tonnes





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Highlights for 1H 2017

- ❖ Revenue was RMB3,216mn, up 32.9% YOY due to moderate increase in ASP and sales volume
- ❖ Sales volume up 11.9% to 353,700 tonnes (TBR 56%; PCR 33%)
- ❖ GP margin improved by 2.2%pt when compared to 1H 2016, mainly due to rise in ASP and production capacity utilization rate
- ❖ Profit attributable to the owners of the Company increased 184.2% to RMB213mn with EPS RMB14.50 fen (1H 2016: RMB5.04 fen)
- ❖ Under the scrip dividend scheme in relation to the final dividend for the year 2016, the Group's controlling shareholder elected to receive part of dividend as the scrip shares and was allotted 6,000,000 new shares, demonstrating their firm confidence in the course of Xingda's future development
- ❖ Net cash inflow RMB170mn and continued to maintain solid financial positions



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China Market Outlook

- ❖ China economy has been steadily expanding over more than a year and has achieved a good start in 2017
- ❖ The continued steady performance of the macro-economy has created favourable development conditions for the recovery of the radial tire cord industry
- ❖ Structural transformation in the radial tire cord industry will expedite market consolidation which will benefit Xingda in the future
- ❖ Positive view on China market in the long run
- ❖ Driven by series of governmental policies including
 - ❖ “Supply-side structural reforms”
 - ❖ “Xiongan New Area”
 - ❖ “Guangdong-Hong Kong-Macao Bay Area”
 - ❖ “1+3+7” new pattern of free trade area
 - ❖ “One belt, one road” initiative



Steady Growth in Overseas Markets

- ❖ Xingda intends to execute its global sales strategy to extend its business presence
- ❖ Xingda will continue to broaden its international customers' base, leveraging its strong brand reputation and advanced technologies
- ❖ Orders from overseas customers continued to see stable growth
- ❖ Expect to secure more overseas orders for truck radial tire cord which carries a higher profit margin than domestic sales
- ❖ Monitor market trends and adjust strategies and resource allocation of different products according to geographical areas and target customers



Future Strategies

❖ Differentiation

Strengthens our unique competitive advantages and differentiates ourselves through high product quality

❖ Strengthen R&D

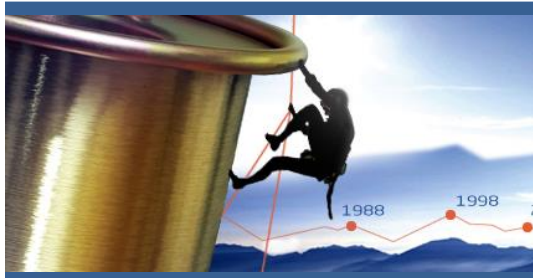
Increase investments on research and development to enhance Xingda's core competency technology and to cement the Group's market leading position

❖ Raise efficiency

Continues to implement a greater scope of automation and upgrade production lines to enhance production efficiency

❖ Effective cost control

Continues to impose stringent controls on capital expenditure and improve financial position



Open Forum